

SAMPLE - PLACE ON BANK LETTERHEAD

County of Chesterfield
Environmental Engineering Department
9800 Government Center Parkway
P. O. Box 40
Chesterfield, Virginia 23832

RE: Irrevocable Letter of Credit # _____
Date: _____

Gentlemen:

We hereby open our irrevocable letter of credit # _____ effective on _____ (Date), in your favor for the account of _____ (Owner/Developer) (the "Customer"), for a sum not to exceed _____ (Bond Amount) available by your sight drafts on the _____ (Bank) Bank, _____ (Address of Bank) (the "Issuing Bank"). [This letter of credit must provide an address within the State of Virginia, and within the Central Virginia area if the Bank maintains offices there, where drafts and documents may be presented.]

The purpose of this letter of credit is to furnish (1) the County of Chesterfield ("County") with surety for the construction and installation of certain improvements (the "Improvements") to the design standards set forth in the Code of Chesterfield County ("Code") and as determined by the Planning Commission within Section ____ of _____ (Subdivision) Subdivision (the "Subdivision") located in the Magisterial District of Chesterfield County, as more fully shown on a set of plans entitled _____ (Title of Approved R & D Plans) prepared by _____ Engineering Firm) dated _____, and any further revisions thereto, whether made before or after the date of this irrevocable letter of credit (the "Plans") and (2) to furnish the County with surety for the maintenance of the Improvements (the "Maintenance"). The face amount of this letter of credit consists of the following estimated cost of the Improvements.

The Improvements:

1. Off-site and on-site water and/or sewerage improvements in the amount of \$_____.
2. Road, sidewalk, and off-site and on-site drainage improvements in the amount of \$_____.

Drafts hereon shall be promptly honored when accompanied by documents specified below:

1. A certified statement signed by an official designated by the County stating that the Customer has not satisfactorily installed or maintained, or caused to be installed or maintained, the Improvements designated on the Plans and as required by the Code, the Plans or any condition imposed by the Planning Commission.
2. A certified statement signed by an official designated by the County to the effect that the drawing is for the explicit purpose of providing for the completion or the Maintenance of the Improvements pursuant to the terms of the Code.
3. All drafts must bear the clause drawn under the _____ (Bank) Bank, Letter of Credit # _____, dated _____.

We hereby engage with drawers, endorsers, and bona fide holders that all drafts drawn in compliance with the terms of this credit shall be duly honored upon presentation and delivery of the documents. This irrevocable letter of credit shall remain in full force and effect for a period of one (1) year from the effective date of the letter of credit (ending at _____ a.m./p.m. on _____) and shall automatically renew itself from year to year thereafter unless and until the Issuing Bank gives ninety (90) days prior written notice to the County's Board of Supervisors, by certified mail, return receipt requested, of its intent to terminate the letter of credit at the expiration of the ninety-day period. During the last thirty (30) days during which the letter of credit is in full force and effect, the County may draw up to the full amount of the letter of credit when the draft is accompanied by a document certifying that (i) the Customer has not completed or maintained the Improvements and not provided an acceptable substitute irrevocable letter of credit or (ii) the drawing is for the explicit purpose of guaranteeing and/or providing for the completion or Maintenance of the Improvements. This irrevocable letter of credit may be reduced to an amount which is 10% of the total cost of the improvements, which reduced amount shall furnish the County surety for Maintenance, upon the County giving a written release to the Customer and to the Issuing Bank that the Customer has constructed and installed the Improvements in the Subdivision in compliance with the Code and the Plans.

This irrevocable letter of credit may also be reduced to an amount which is 10% of the total cost of the Improvements for the purpose of insuring Maintenance upon the County giving a written release to the Customer and the Issuing Bank that the Customer has either:

1. Constructed and installed a portion of the Improvements within the Subdivision in compliance with the Code and the Plans; or
2. Paid the construction and installation of the Improvements to a third party and certified such fact to the County;

and furnished the County with surety in an amount sufficient for and conditioned upon the construction and installation of the remainder of the Improvements.

This irrevocable letter of credit shall terminate twelve (12) months from the effective date of acceptance by the Commonwealth of Virginia, Department of Transportation (VDOT), of all roads for the Subdivision in the State's secondary road system. For the purposes of this irrevocable letter of credit, the effective date of road acceptance by VDOT shall be the date of the meeting of the County's Board of Supervisors ("Board") at which the Board is formally advised of the County's receipt of a letter from VDOT to the Board notifying the Board of the effective date of road acceptance and assigning state route numbers for the roads for the Subdivision.

This irrevocable letter of credit is non-transferable or assignable by the Issuing Bank, County or Customer.

This irrevocable letter of credit shall be construed according to the "Uniform Customs and Practices for Documentary Credits," promulgated by the XIII Congress of the International Chamber of Commerce (International Chamber of Commerce Publication No. 500, 1993 Revision) and the provisions of the Uniform Commercial Code - Letters of Credit, Title 8.5 of the Code of Virginia, 1950, as amended.

Very truly yours,

By: _____

Title: _____
(President or Vice-President)